



COLORADO

Department of
Labor and Employment

Employer Webinar Series Part 1:

Understanding 2021 unemployment premium rates, charging statements and the Unemployment Insurance Trust Fund

Thursday, November 5, 2020

Agenda

- **Welcome:** Cher Haavind, Deputy Executive Director, Colorado Department of Labor and Employment
- **Employer Engagement:** Joe Barela, Executive Director, Colorado Department of Labor and Employment
- **Premium Rates, Trust Fund and Charging:** Lindsey Behringer - Supervisor, Unemployment Insurance Employer Services Premiums - Liability and Ryan Gedney - Senior Economist, Office of Labor Market Information
- **Questions**
- **Closing**

State of UI in Colorado

- Covid-19 has had unprecedented impact on Colorado's Unemployment Insurance program
 - March 9: 418 UI claims
 - March 16: 3,902 UI claims
 - March 23: 21,958 claims
- 770,928 claims filed since mid-March (including federal UI programs)
- \$2.1 Billion in regular UI paid since March 29; \$5.95 Billion total (including federal UI programs)

CDLE Support to Employers During Covid

- **Work Share:**
 - Provides an alternative to laying off employees by allowing them to keep working, but with fewer hours. While an employee is working fewer hours, he or she may be eligible to collect part of his or her regular unemployment benefits.
- **Rapid Response:**
 - Workforce services related to restructuring and/or downsizing your business.
 - Services include, but are not limited to, consultation on layoff aversion strategies, onsite workshops for employees in transition, job placement assistance, and information on unemployment benefits.
- **Refusal to Return Work Guidance:**
 - Fact sheets available to share with employees
 - Report refusals at coloradoui.gov

How Are UI Premium Rates Assigned?

- Colorado uses a method called experience rating.
- Experience rating is when rates are based on an employer's history, or experience, with unemployment insurance.
- Generally, an employer whose employees make fewer claims for benefits will have a lower experience rate than one whose employees make more claims.
- It also takes into account the overall health of the UI Trust Fund and the economy.

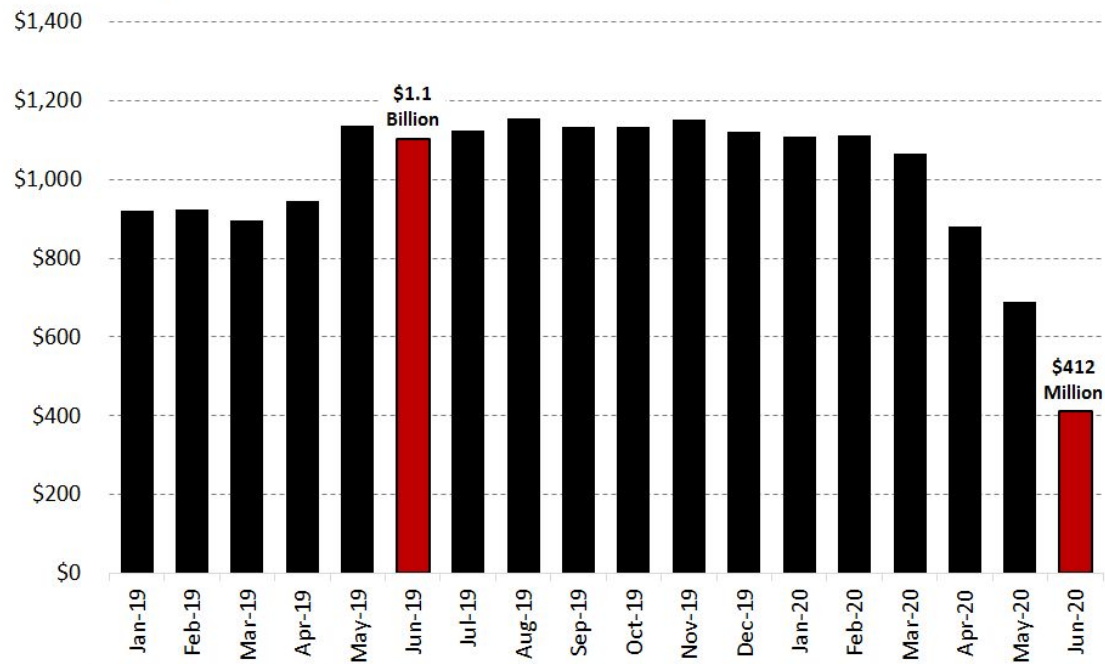
Standard Premium Rate Schedule

	Reserve Ratio	Reserve Ratio	Reserve Ratio	Reserve Ratio	Reserve Ratio	Reserve Ratio	Reserve Ratio
	0.014 or Greater	0.011 to 0.014	0.008 to 0.011	0.006 to 0.008	0.004 to 0.006	0.000 to 0.004	0.000 to Deficit
Eligible Employers Percent of Excess							
+20 or more	0.0051	0.0056	0.0058	0.0062	0.0066	0.0071	0.0075
+18 to +19	0.0057	0.0062	0.0064	0.0069	0.0073	0.0078	0.0082
+16 to +17	0.0058	0.0063	0.0065	0.0070	0.0074	0.0079	0.0084
+14 to +15	0.0061	0.0067	0.0069	0.0075	0.0080	0.0086	0.0091
+12 to +13	0.0066	0.0072	0.0075	0.0082	0.0088	0.0095	0.0101
+10 to +11	0.0075	0.0083	0.0087	0.0094	0.0102	0.0110	0.0118
+8 to +9	0.0095	0.0105	0.0110	0.0120	0.0130	0.0140	0.0150
+6 to +7	0.0116	0.0129	0.0135	0.0148	0.0160	0.0173	0.0186
+4 to +5	0.0138	0.0154	0.0161	0.0177	0.0192	0.0207	0.0223
+2 to +3	0.0193	0.0214	0.0225	0.0247	0.0269	0.0291	0.0313
+0 to +1	0.0271	0.0302	0.0317	0.0348	0.0379	0.0410	0.0441
Unrated	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170
-0 to -1	0.0346	0.0386	0.0406	0.0447	0.0487	0.0527	0.0568
-2 to -3	0.0368	0.0412	0.0433	0.0476	0.0519	0.0562	0.0606
-4 to -5	0.0391	0.0437	0.0460	0.0506	0.0552	0.0598	0.0644
-6 to -7	0.0414	0.0462	0.0487	0.0535	0.0584	0.0633	0.0682
-8 to -9	0.0436	0.0488	0.0514	0.0565	0.0617	0.0668	0.0720
-10 to -11	0.0459	0.0513	0.0540	0.0595	0.0649	0.0703	0.0758
-12 to -13	0.0481	0.0539	0.0567	0.0624	0.0681	0.0738	0.0796
-14 to -15	0.0504	0.0564	0.0594	0.0654	0.0714	0.0774	0.0834
-16 to -17	0.0527	0.0589	0.0621	0.0683	0.0746	0.0809	0.0872
-18 to -19	0.0549	0.0615	0.0648	0.0713	0.0779	0.0844	0.0910
-20 to -21	0.0572	0.0640	0.0674	0.0743	0.0811	0.0879	0.0948
-22 to -23	0.0594	0.0666	0.0701	0.0772	0.0843	0.0914	0.0986
-24 to -25	0.0617	0.0690	0.0727	0.0801	0.0875	0.0949	0.1023
More than -25	0.0628	0.0703	0.0740	0.0815	0.0890	0.0964	0.1039

June 30 UI Trust Fund Balance

Key Part of Determining Rate Schedule

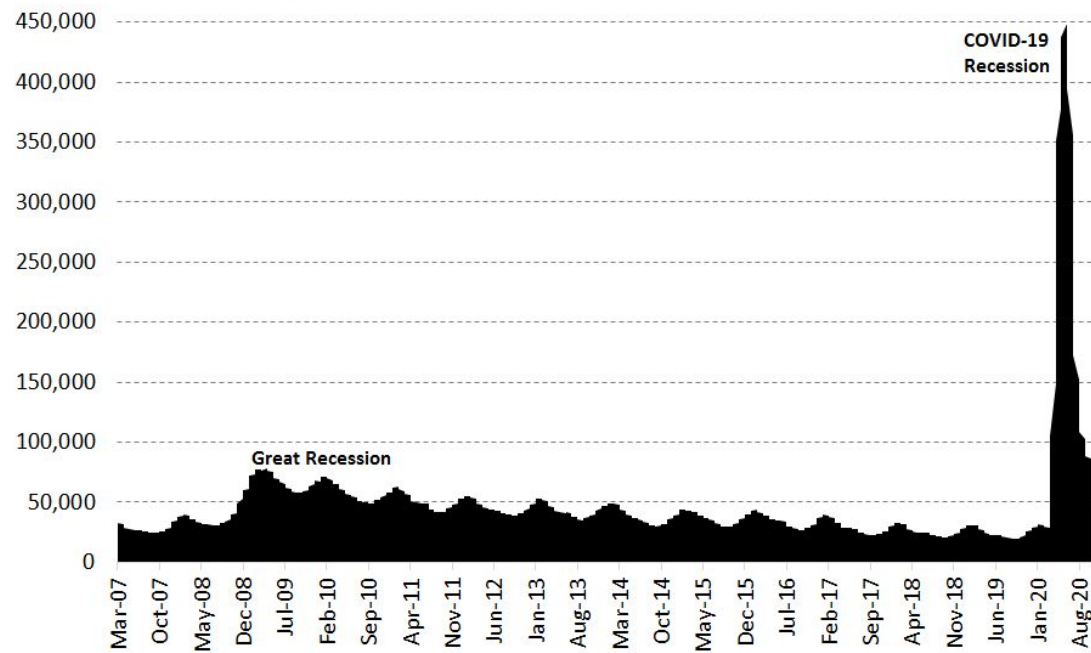
End of Month UI Trust Fund Balance
(in millions)



Source: Colorado Department of Labor and Employment

Historically High Number of Claims Filed Since March...

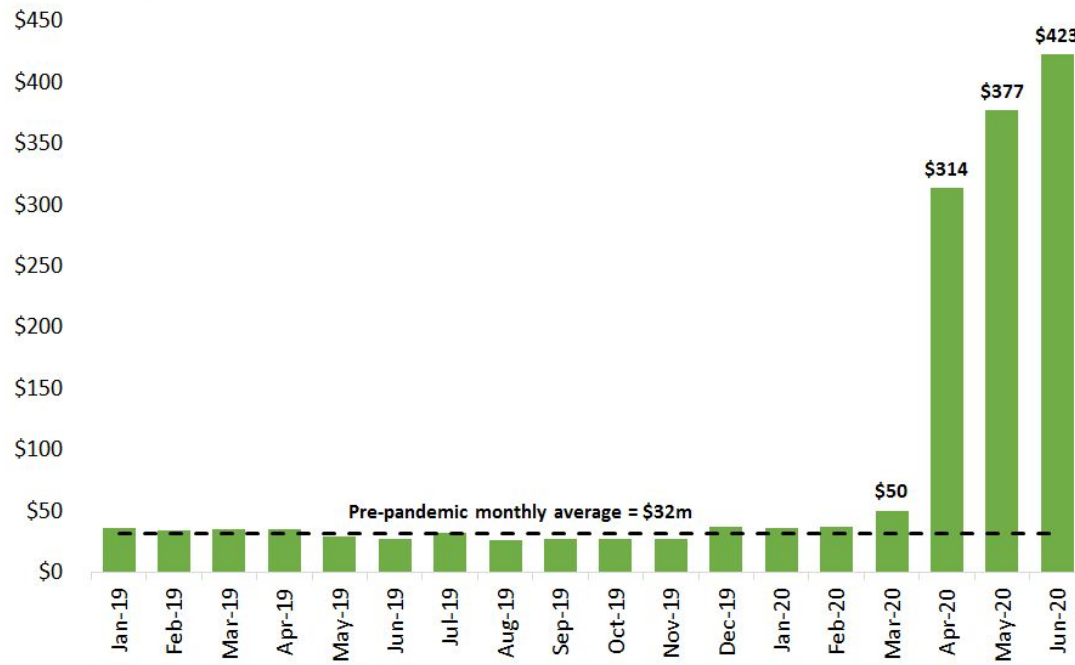
Regular UI Initial Claims
(13-week moving total)



Source: Colorado Department of Labor and Employment

Have Resulted in Historically High Benefit Payments and a Lower Trust Fund Balance

**Regular UI Benefit Payments
(in millions)**



Source: Colorado Department of Labor and Employment

Below is How the Reserve Ratio is Calculated, Which Determines the Rate Schedule for the Following Year

DETERMINATION FOR 2020 RATE SCHEDULE	JUNE 30, 2019 UI TRUST FUND BALANCE	\$1,104,065,233
	CY 2018 TOTAL PRIVATE UI COVERED WAGES	\$127,017,917,479
	RESERVE RATIO (TF BALANCE / TOTAL WAGES)	0.0087

DETERMINATION FOR 2021 RATE SCHEDULE	JUNE 30, 2020 UI TRUST FUND BALANCE	\$412,237,543
	CY 2019 TOTAL PRIVATE UI COVERED WAGES	\$136,987,211,679
	RESERVE RATIO (TF BALANCE / TOTAL WAGES)	0.0030

Standard Premium Rate Schedule

2020 Rate Schedule

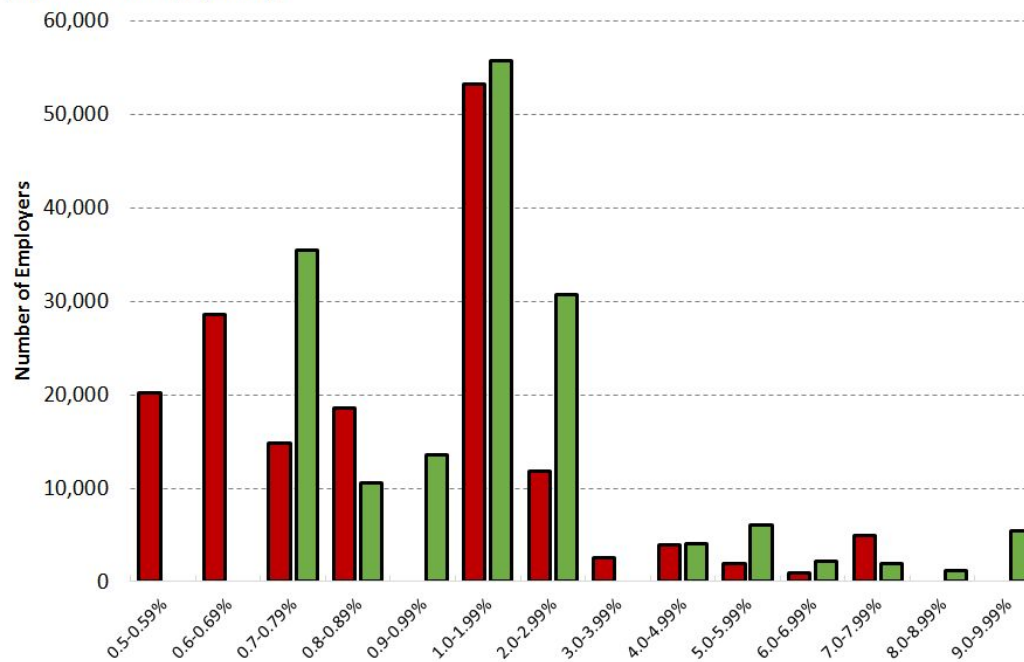
2021 Rate Schedule

	Reserve Ratio	Reserve Ratio	Reserve Ratio	Reserve Ratio	Reserve Ratio	Reserve Ratio	Reserve Ratio
	0.014 or Greater	0.011 to 0.014	0.008 to 0.011	0.006 to 0.008	0.004 to 0.006	0.000 to 0.004	0.000 to Deficit
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Most Employers Concentrated on the Lower End of the Rate Schedule

UI Premium Rate Distribution 2020 (Red) vs. 2021 (Green)

(Experience-rated employers only)



Source: Colorado Department of Labor and Employment

Experience Rate Components & Formula

Premiums—All of the premiums you have ever paid.

Benefits—All of the benefits that have ever been paid to your employees and charged to your account.

Average annual payroll—The average of the chargeable wages you reported over the previous three fiscal years.

Premiums Paid - Benefits Charged = **Excess**

Excess ÷ Avg. Annual Payroll = **Percent of Excess**

Your Unemployment Insurance Rate Notice

Division of Unemployment Insurance
Unemployment Insurance Employer Services
P.O. Box 8789, Denver, CO 80201-8789



COLORADO
Department of
Labor and Employment

Mail Date 11/25/20

YOUR UNEMPLOYMENT INSURANCE RATE NOTICE

Qualifying Date: 7/1/04

ABC Corp
123 Main St
Anywhere, CO 80201

This is your rate notice for calendar year 2021. This notice lets you know the rate at which you must pay premiums next year. We must send this every year. (See the Colorado Employment Security Act 8-76-102.5 (3) (g). If you think your rate is wrong, let us know in writing. We must have your written comments within 20 days of the above **Mail Date**. (See Regulations Concerning Employment Security 11.1.4 and 11.1.9). Make sure you give details about why you want us to look at your account.

You pay premiums on the first \$13,600 you pay each employee within the calendar year. Your total combined rate (**Item 10**) is the rate you use from January 1, 2021 through December 31, 2021.

Item 1 Your Account Number	Item 2 Total Premiums You Have Ever Paid Through 07-31-2020	Item 3 Total Benefits We Have Ever Charged You Through 06-30- 2020	Item 4 Excess (Item 2 Minus Item 3)	Item 5 Your Average Annual Payroll Through 06-30-2020 on Which You Must Pay Premiums
123456.00-7	36,307.82	11,259.63	25,048.19	222,277

*Rate Code	Item 6 Percent of Excess	Item 7 Base Rate	Item 8 Base Industry Rate	Item 9 Surcharge Rate	**Item 10 Total Combined Rate
01	+11	.0110	.0000	.0000	.0110

*Rate Codes: 1-Computed, 2-Reimbursable, 3-Political Subdivision, 4-Unrated Standard, 5-Unrated Industry, 6-Unrated Computed, and 7-Unrated Freeze

** (Item 7 or Item 8) + Item 9 = Item 10

Explanation of Rate Codes

RATE CODES

Rate Code 1, Computed: You must have 12 months in a row during which we could have charged you for benefits we paid to your former employees. If you are a construction employer, you must have 36 months in a row during which we could have charged you for benefits we paid to your former employees. The 12 or 36 months have to be before July 1, which is the computation date. The computation date for this rate notice is July 1, 2020. We base this rate on the premiums you paid, the benefits we charged you, and your average annual payroll on which you must pay premiums. In order to keep this rate, you must continue to pay wages.

Rate Code 2, Reimbursing: You must be a political subdivision or a nonprofit organization. You must pay us back the benefits we pay to your former employees.

Rate Code 3, Political Subdivision: You must be a political subdivision that chooses not to be reimbursing. This is a group rate for all political subdivisions that make this choice. We base this rate on the total benefits charged to all group-rated political subdivisions since 1978 and the total covered wages reported by those employers for the same period.

Rate Code 4, Unrated Standard: You do not yet have 12 months in a row during which we could have charged you for benefits we paid to your former employees. The 12 months have to be before July 1, which is the computation date. The computation date for this rate notice is July 1, 2020. Your base rate is 1.7 percent (0.0170).

Rate Code 5, Unrated Industry: You do not yet have 36 months in a row during which we could have charged you for benefits we paid to your former employees. The 36 months have to be before July 1, which is the computation date. The computation date for this rate notice is July 1, 2020. We base your rate on what has happened among construction employers in your classification (North American Industry Classification System codes 236, 237, or 238). We use the premiums all employers in your classification paid, the benefits we charged those employers, and the average annual payroll on which all those employers pay premiums.

Rate Code 6, Unrated Computed: By law, we must check your records even though you do not have the number of months in a row during which we could have charged you for benefits we paid to your former employees (12 months or 36 months, depending on what type of employer you are). See Rate Code 1. We look at the premiums you paid, the benefits we charged you, and your average annual payroll on which you must pay premiums. If that calculation gives you a higher base rate than the rate for new employers, we must charge you the higher rate.

Rate Code 7, Unrated Freeze: You may have had a computed rate (see Rate Code 1), but you may have lost that rate by not paying wages. If that happens, we consider you a new employer (see Rate Code 4). You must, once again, have 12 months in a row during which we could have charged you for benefits we paid to your former employee. If you are a construction employer, you must have 36 months in a row. Your base rate is the rate of a new employer until that happens.

Who Gets a Computed Experience Rate?

Employers whose accounts have enough months during which we could have charged them benefits.

- **Non-Construction Employers**—12 months before 7/1/2020
- **Construction-Industry Employers**—36 months before 7/1/2020

New employers, political subdivisions, and reimbursing non-profit employers do not receive a computed rate.

- **New Employers**—0.0170 (1.7%)
- **Political Subdivisions**—0.0030 (0.3%)
- **Reimbursing Non-Profits**—Reimburse Division for benefit charges

New Construction-Industry Employer

We set new construction-industry employer rates by looking at the average experience for all employers in three industry classifications: **General Construction**, **Civil or Heavy Construction**, and **Specialty Trades Contractors**.

For 2021, the new employer rates for these groups are:

- **General Construction**—0.0207 (2.07%)
- **Civil or Heavy Construction**—0.0774 (7.74%)
- **Specialty Trades Contractors**—0.0291 (2.91%)

Voluntary Premium Payment

- A voluntary premium payment (VPP) is an opportunity to make a contribution to the premiums paid on an account in order to lower the employer's experience rate. **It is not a prepayment of future premiums due.**
- Must be received no later than March 14 to lower your 2021 premium rate.
- Must have a computed experience rate and be up to date on all quarterly reports and payments.
- A worksheet to calculate your VPP and potential savings is included with your rate notice if your business is eligible.

Charging for COVID-19 UI Claims

- As a result of the COVID-19 pandemic, benefits paid to those employees who were unemployed because of the pandemic will not be charged to your account.
- We have been working to adjust those charges since the pandemic began and will continue to make those adjustments.
- Your 2021 rate notice may not reflect all of the adjustments to your account. When adjustments are completed we will send corrected rate notices.
- Corrected rate notices will be sent no later than March 2021.

Important Dates

November-December 2020-2021: Premium Rate Notices mailed

- Wait for a corrected notice to protest your 2021 rate.

November 2020-February 2021: Adjustments for COVID-19-related claims continue to be made

March 2021: Corrected 2021 Premium Rate Notices mailed

- Rate protests can be submitted within 20 days of mail date on notice.

March 14, 2021: Due date for 2021 Voluntary Premium Payments

April 30, 2021: Due date for 1st quarter 2021 Premium and Wage Reports

Previously Submitted Questions

Covid-related claims

“How much will COVID related layoffs affect our premiums?”

“Our charging statement didn't have any mention of COVID-19 on it even though the claim was filled out as a COVID related claim. Do I need to file a protest or something?”

In accordance with the Governor's Executive Order to speed up claim payments, issues normally holding payment were removed based on system limitations. In these cases, due to the overall volume, some separations have not yet been processed. Once processed, the charging to employer accounts will be adjusted appropriately. Adjustments for charging and adjudication of separations are continually occurring and are being addressed for the oldest claims first. If your employee was separated due to COVID-19 and you provided a response indicating the same, you may not receive a decision since these situations represent a lay off.

We ask that you do not file a protest as we continue to work through the backlog of work.

Previously Submitted Questions

Charging/Adjudication/Employee disputes

“What process will be taken to correct improper charges made to employers? We have had several charges for employees who had voluntarily resigned. We also have charges for employees who were discharged for cause and we had no opportunity to have a hearing.”

You should have received Benefit Charge Statements which included an insert to inform you of benefits charges assessed to your account in the 3rd calendar quarter of 2020. The charges on your statement may not be accurate or final.

Because of the volume of claims filed since March 2020, benefits were paid, but we are still issuing decisions on job separations. There may be employees listed on your statement whose benefits should not be charged to you.

We ask that you not file a protest on the charges on that statement, but wait until you receive your 4th quarter statement you will receive in January 2021, which will reflect any adjustments made to your account. You will be credited for adjustments made or reversed charges against your account.

Previously Submitted Questions

Reimbursables

“Touch on the non-profit agency and unemployment reimbursement model with federal unemployment Covid programs.”

Reimbursing employers are relieved of 50% of the benefit charges resulting from COVID-related separations per the CARES Act. Because of the volume of claims filed since March 2020, the division continues to process job separations through the normal protocol of obtaining statements from both claimants and employers to determine whether the claimant is entitled to benefits. If it is determined that the claimant is not entitled to benefits, charges to the accounts are being adjusted.

Previously Submitted Questions

Liability

“What is a good rule of thumb for a company that has a lot of travel employees with regards on how to set up Unemployment across all states?”

Generally, a worker's wages are reported to the state in which the work was performed. In most cases, all of the work was performed within a single state by a worker who resides in that state so it is easy to determine where to report his or her wages. However, many businesses employ individuals who work in more than one state or who are sent on temporary assignment to another state. Colorado's unemployment law provides guidelines for deciding where to report multi-state workers. You can find a guide to determining where to report your employees' wages on our website at <https://cdle.colorado.gov/wages-in-multiple-states>.

Previously Submitted Questions

Fraud and Overpayments

"How are you addressing the overpayment of the \$1.4 million in false claims? Why were unemployment overpayments forgiven and how does that affect businesses, their liabilities and their future rates?"

The overpayments and corresponding write offs pertain to Pandemic Unemployment Assistance (PUA), a federally-funded program under the CARES Act which provides unemployment to gig workers, self-employed and independent contractors. These are not funded out of the state's Unemployment Insurance Trust Fund and do not affect employer premiums.

Previously Submitted Questions

Fraud and Overpayments

“What is CDLE doing to recover funds issued by way of fraudulent claims in order to minimize impact on Colorado payroll taxes (UI premiums)?”

We have an investigations and criminal enforcement unit dedicated to detecting and investigating fraud. The team works with local, state and federal law enforcement on joint investigations to identify, prosecute and recover payments associated with fraud. The team is also actively partnering with major financial institutions to recover fraudulent payments and return them to the state’s Trust Fund.

“How do I report when an employee refuses to work hours over 32 because they want to continue to receive unemployment funds and stimulus while they are also working?”

Please report refusals to return to work at <https://cdle.colorado.gov/businesses-employers>



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Thank you for participating!

[Submit comments & questions](#)